



**Town of Andover**

**Town Manager's  
Recommended Budget  
Fiscal Year 2016**

**February 9, 2015**

***“Honor the  
Past,  
Capture the  
Present,  
Shape the  
Future”***



# **The Town Manager's Recommended Budget for Fiscal Year 2016**

**\$171,931,079**

*\$7.5M / 4.6% increase over the  
FY15 Budget of \$164.4 Million*

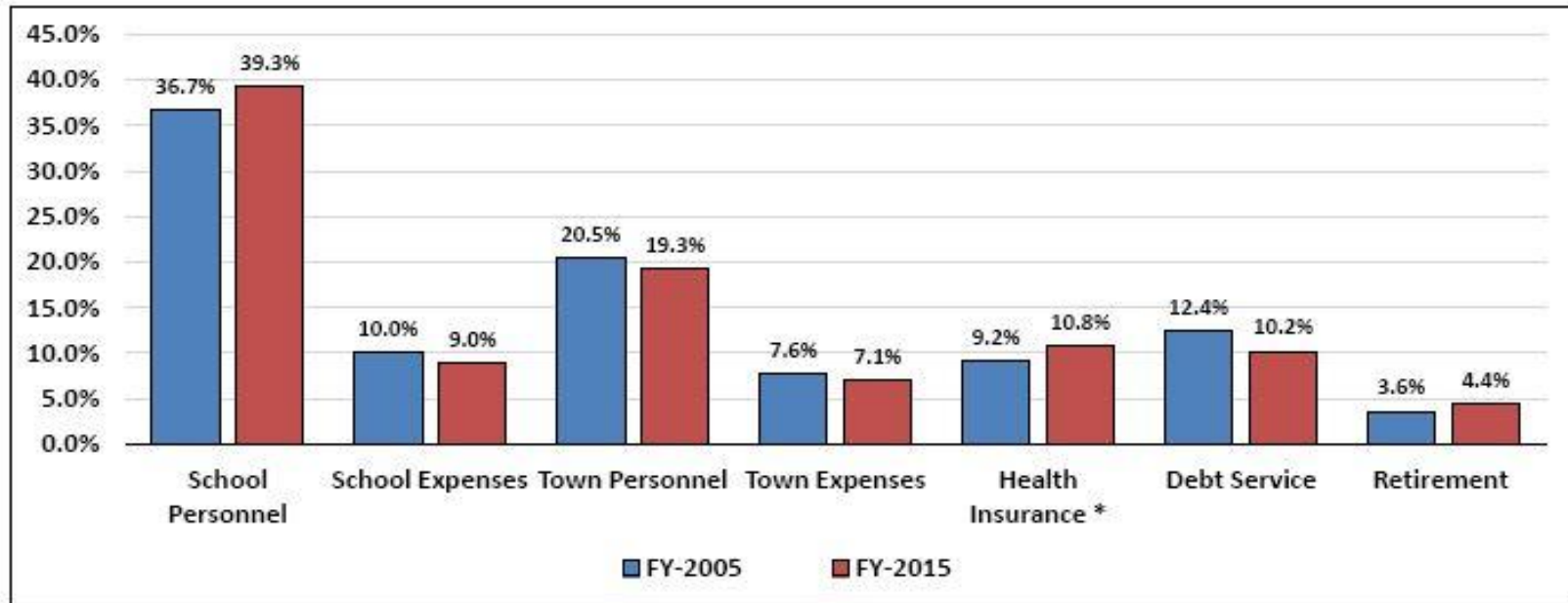
# TM's Recommended Budget FY2016

<u>EXPENSES</u>	<u>FY2015 Approved</u>	<u>FY2016 TM Rec.</u>	<u>\$ Change</u>	<u>% Change</u>
School Department	\$70,904,452	<b>\$72,873,529</b>	\$1,969,077	2.8%
Town Departments	\$36,328,546	<b>\$37,338,479</b>	\$1,009,933	2.8%
Health Insurance & RMTs	\$15,885,091	<b>\$17,500,000</b>	\$1,614,909	10.2%
Debt Service	\$14,998,236	<b>\$15,443,133</b>	\$444,897	3.0%
Retirement	\$6,412,116	<b>\$7,946,015</b>	\$1,533,899	23.9%
Water & Sewer	\$6,949,026	<b>\$7,229,676</b>	\$280,650	4.0%
Other Obligations	\$3,688,612	<b>\$3,471,854</b>	(\$216,758)	-5.9%
Capital Projects Fund	\$2,370,000	<b>\$2,450,000</b>	\$80,000	3.4%
Offset Expenditures	\$2,356,500	<b>\$2,348,000</b>	(\$8,500)	-0.4%
Warrant Articles	<u>\$4,517,506</u>	<u><b>\$5,330,393</b></u>	<u>\$812,887</u>	<u>18.0%</u>
	\$164,410,085	<b>\$171,931,079</b>	\$7,520,994	4.6%

# TM's Recommended Budget FY2016

- School Department – \$72.9M: \$1.97M / 2.8% increase
- Town Departments – \$37.3M: \$1.0M / 2.8% increase
- Health Insurance & RMTs – \$17.5M: \$1.6M / 10.2% increase
- Debt Service – \$15.4M: \$445k / 3.0% increase
- Retirement – \$7.9M: \$1.5M / 23.9% increase
- Water & Sewer – \$7.2M: \$281k / 4.0% increase
- Other Obligations – \$3.5M: -\$217k / -5.9% decrease
- Capital Projects Fund – \$2.4M: \$80k / 3.4% increase
- Offset Expenditures – \$2.3M: -\$9k / -0.4% decrease
- Warrant Articles – \$5.3M: \$813k / 18.0% increase

## 10 Year Proportional Change to Major Gen. Fund Expenditures FY-2005 - FY-2015



Major G.F. Expenditures	FY-2005	Pct. %	FY-2015	Pct. %	10 Year \$ Increase	10 Year % Incr.	Avg. Yrly. \$ Increase	Avg. Yrly. % Incr.
School Personnel	\$38,206,785	36.7%	\$57,710,706	39.3%	\$19,503,921	51.0%	\$1,950,392	5.1%
School Expenses	\$10,392,602	10.0%	\$13,193,746	9.0%	\$2,801,144	27.0%	\$280,114	2.7%
Town Personnel	\$21,316,875	20.5%	\$28,322,381	19.3%	\$7,005,506	32.9%	\$700,551	3.3%
Town Expenses	\$7,961,613	7.6%	\$10,362,665	7.1%	\$2,401,052	30.2%	\$240,105	3.0%
Health Insurance *	\$9,592,033	9.2%	\$15,885,091	10.8%	\$6,293,058	65.6%	\$629,306	6.6%
Debt Service	\$12,915,086	12.4%	\$14,998,236	10.2%	\$2,083,150	16.1%	\$208,315	1.6%
Retirement	\$3,735,549	3.6%	\$6,412,116	4.4%	\$2,676,567	71.7%	\$267,657	7.2%
* Including RMTs in GIC	\$104,120,543	100.0%	\$146,884,941	100.0%	\$42,764,398		\$4,276,440	



# Town Department Budget Highlights

- **2.78% total increase – mainly due to contractual obligations and utility costs**
- **355.6 total FTEs; increase of 2.2 FTEs**
  - CD&P / Admin: 2 PT 15/hr Off. Assts. to 1 FT (net \$5,432)
  - CD&P / Health: Restore PT Sanitarian to FT Health Agent (net \$39k)
  - MS / P&F: New PT 19/hr Custodian (net \$12,000)
  - MS / Cemetery: Restore 1 FT Laborer & reduce expenses (net \$8,447)
- **Notable Expense Budget Increases – 2.57%**
  - Information Technology: \$40,000 for new telecommunications costs
  - Youth Services: \$41,900 for new Youth Center utility costs
  - MS / P&F Vehicle Maint.: \$32,000 for additional repair costs
  - MS / PW-Engineering: \$45,000 for EPA Storm Water compliance
  - MS / PW-Solid Waste: \$38,200 for Solid Waste & Recycling contracts
  - MS / PW-Water: \$187,848 to cover increased costs
  - MS / PW-Sewer: \$92,802 to cover increased costs

# FY16 Revenue Sources

<u>REVENUES</u>	<u>FY2015 Approved</u>	<u>FY2016 TM Rec.</u>	<u>\$ Change</u>	<u>% Change</u>
Property Taxes	\$117,795,354	\$123,492,069	\$5,696,715	4.8%
Addtl. Taxes - Debt Exclusions	\$4,438,406	\$4,298,263	(\$140,143)	-3.2%
State Aid	\$12,617,767	\$12,928,459	\$310,692	2.5%
General Local Revenues	\$10,027,000	\$10,155,050	\$128,050	1.3%
Water & Sewer Enterprises	\$12,067,999	\$12,615,100	\$547,101	4.5%
Offset Dept Revenues	\$2,131,500	\$2,113,000	(\$18,500)	-0.9%
Other Avail. Funds - Budget	\$561,638	\$596,438	\$34,800	6.2%
Other Avail. Funds - Articles	\$1,470,421	\$1,690,700	\$220,279	15.0%
Free Cash	<u>\$3,300,000</u>	<u>\$4,042,000</u>	<u>\$742,000</u>	<u>22.5%</u>
	\$164,410,085	\$171,931,079	\$7,520,994	4.6%



# FY16 Revenue Highlights

- Property Taxes – \$123.5M: 4.8% / \$5.7M increase; Prop. 2.5 Levy Limit; \$1.8M New Growth; \$1.1M Unused Levy Capacity; Plus \$4.3M Exclusions
- State Aid – \$12.9M: 2.5% / \$310,692 increase (Gov's H1. March 4<sup>th</sup>)
- General Local Revenues – \$10.2M: 1.3% / \$128,050 increase
- Water & Sewer Enterprises – \$12.6M: \$547k increase; \$21.09 / 6.0% water rate increase; \$18.87 / 5.0% sewer rate increase
- Offset Dept. Revenues – \$2.1M: -\$18,500 decrease to reflect FY15 YTD receipts
- Other Available Funds – \$2.3M: From Water & Sewer Reserves, Bond Premium Stabilization Fund, Cable Fees, AYS Gift, etc.
- Free Cash – \$4,042,000 from estimated \$5.7M available balance

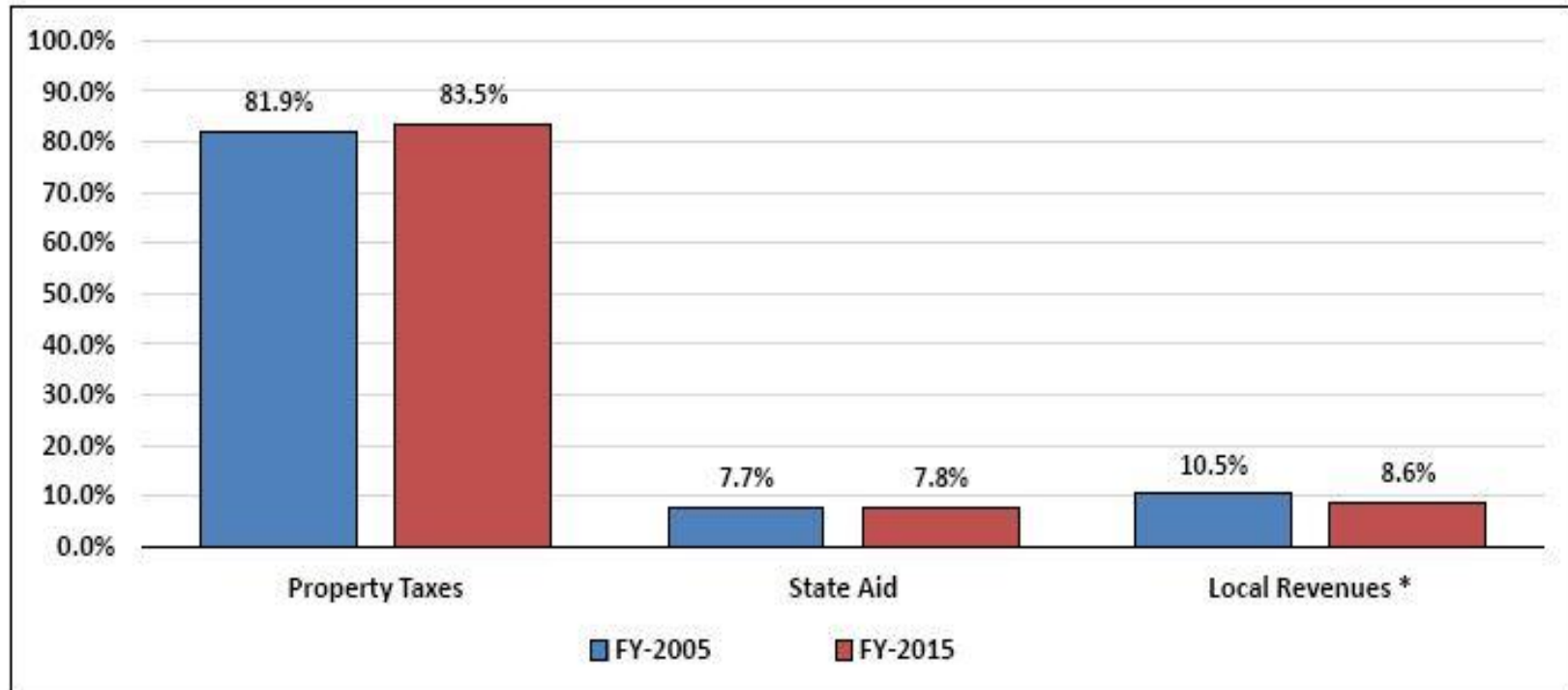
# Use of Free Cash

Estimated at \$5.7M – Highest balance in six years

- OPEB Trust Fund – \$1.0M: + \$500k from GF revenue, \$290k Water & Sewer funds; balance to \$5.2M+
- Ledge Road Stabilization Fund – \$1.0M: balance to \$3.0M+
- Bond Premium Stabilization Fund – \$768k: balance to 1.26M
- General Stabilization Fund – \$232k: balance to 6.4M+
- Capital Improvement Program – \$1,042,000 to fund five large capital requests that would otherwise be bonded
- FY15 Supplemental Appropriations – ?: Unknown at this time; probable Snow & Ice deficit appropriation and/or transfers

## 10 Year Proportional Change to Major Gen. Fund Revenues

### FY-2005 - FY-2015



Major Gen. Fund Revenues	FY-2005	Pct. %	FY-2015	Pct. %	10 Year \$ Increase	10 Year % Incr.	Avg. Yrly. \$ Increase	Avg. Yrly. % Incr.
Property Taxes	\$78,332,364	81.9%	\$117,795,354	83.5%	\$39,462,990	50.4%	\$3,946,299	5.0%
State Aid	\$7,341,111	7.7%	\$11,066,411	7.8%	\$3,725,300	50.7%	\$372,530	5.1%
Local Revenues *	\$10,028,820	10.5%	\$12,158,500	8.6%	\$2,129,680	21.2%	\$212,968	2.1%
* Including Dept. Offset Receipts	\$95,702,295	100.0%	\$141,020,265	100.0%	\$45,317,970		\$4,531,797	

# Capital Improvement Program “Revised” (CIP) for FY2016

Capital Projects Fund (Art. 5):	\$2,450,000
Free Cash Funded Projects:	\$1,042,000
G.F. Borrowing Projects:	\$4,937,000
SDF Projects (Ch.90, IT-1):	\$1,682,000
W&S Capital Projects:	<u>\$2,255,000</u>
<b>Total Revised CIP for FY16:</b>	<b>\$12,366,000</b>

*The complete FY16 CIP document is available on the Town's website at  
[www.andoverma.gov](http://www.andoverma.gov)*

# **Energy Conservation Program**

- **Downtown street lights to LEDs**
- **Town building lights retrofitted to LEDs**
- **Variable frequency drive pumps at Fish Brook**
- **Energy efficient boilers at Memorial Hall Library**
- **Third Green Community Grant application**
- **Pursuing Net Metering Credits**
- **FY16 Town and School energy initiatives**

# FY16 Budget Review Sessions

## February

- Fri. 6<sup>th</sup> Town Manager's Recommended FY15 Budget Released (on Town website)
- Thur. 12<sup>th</sup> High Level Overview Presentation of TM's Recommended FY16 Budget
- Mon. 23<sup>rd</sup> Town Department Budgets  
(DCS; ES & AYS)
- Sat. 28<sup>th</sup> Town Department Budgets (MHL – 9am-12pm)  
(Police; Fire-Rescue; Municipal Services/W&S)

## March

- Mon. 2<sup>nd</sup> Fixed Costs/Obligations; Warrant Articles
- Sat. 7<sup>th</sup> Town Department Budgets (MHL – 9am-12pm)  
(IT; MHL; CD&P; Gen. Govt.)
- Mon. 9<sup>th</sup> Revenues; Financial Articles; Water & Sewer Rate Hearing
- Wed. 11<sup>th</sup> Tri-board Meeting – School Budget (SC Mtg. Rm. 7pm)
- Mon. 16<sup>th</sup> Budget & Warrant Articles
- Mon. 23<sup>rd</sup> Budget & Warrant Articles; Water & Sewer Rate Vote
- Mon. 30<sup>th</sup> Operating Budget, Capital and Warrant Article Votes

## April

- Mon. 6<sup>th</sup> Final Budget & Warrant Article Votes (if needed)
- Tues. 7<sup>th</sup> Finance Committee Report to the Printer
- Fri. 24<sup>th</sup> Finance Committee Report due to Residents

## May

- Mon. 4<sup>th</sup> 2015 Annual Town Meeting (1<sup>st</sup> night)



# **2015 Annual Town Meeting**

**7:00 PM, Mon., May 4<sup>th</sup>, Tues., May 5<sup>th</sup>  
and Mon., May 11<sup>th</sup>, Tues., May 12<sup>th</sup> (if needed).**

**J. Everett Collins Center,  
Andover High School**

**The Town Manager's  
Recommended FY16 Budget  
is available on-line in its entirety at**

***[www.andoverma.gov](http://www.andoverma.gov)***

